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RUEHNY/AMEMBASSY OSLO PRIORITY 4163
RUEHKO/AMEMBASSY TOKYO PRIORITY 3258
RUEHCG/AMCONSUL CHENNAI PRIORITY 8128
RUEHBI/AMCONSUL MUMBAI PRIORITY 5721
RUEHON/AMCONSUL TORONTO PRIORITY 0455
RUEHGV/USMISSION GENEVA PRIORITY 2459
RHHMUNA/HQ USPACOM HONOLULU HI PRIORITY
RHEFDIA/DIA WASHINGTON DC PRIORITY
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C O N F I D E N T I A L SECTION 01 OF 03 COLOMBO 001562

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DEPARTMENT FOR SCA/INS

E.O. 12958: DECL: 11/19/2017

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SUBJECT: SRI LANKA: GSL ARM-TWISTING SUCCEEDS IN GETTING
BUDGET PASSED

REF: COLOMBO 1551

Classified By: Ambassador Robert O. Blake, Jr. Reasons: 1.4(b, d).

11. (C) SUMMARY: The government came to its own rescue in a must-win budget vote, using every means at its disposal to ensure passage of its budget in the second reading. President Rajapaksa was once again able to outmaneuver opposition leader Ranil Wickremesinghe. In the process, Rajapaksa reportedly offered Wickremesinghe the prospect of forming a new government under his leadership. Wickremesinghe declined, saying he would prefer to become Prime Minister following a new election. The sometimes desperate tactics the government employed to achieve this outcome betrayed its own internal contradictions and resulting lack of stability. These included employing Karuna's successor Pillayan, the head of a feared paramilitary, as a cat's paw to intimidate eastern Tamil National Alliance MPs by abducting one of their relatives and issuing death threats against the MPs and their families. The government is likely to face future challenges of this magnitude, beginning with the third reading of the budget on December 13. It has yet to solve the problem of restive members of its coalition, who may desert it on a future occasion. In Embassy's estimate, at some point an early election will be required to clarify the popular support of the various players and usher in a new government with greater legitimacy. End summary.

12. (SBU) In the end, none of the pre-vote maneuvering had much of an impact. The final vote broke along the established lines in Parliament, with 118 supporting the budget, 102 against (including the JVP), two abstentions (including Wijedasa Rajapaksa, see para 5) and three absences.

13. (C) On the evening of November 16, it appeared that the government was giving serious consideration of meeting some of the JVP's demands (reftel). However, this later appeared to be a feint to keep dissenting members of the President's Sri Lanka Freedom Party (SLFP) from defecting to the opposition. Tourism Minister Milinda Moragoda (protect) told

Ambassador on November 18 that some in President's camp, after feeling pressure from the UNP and minority parties were tempted by the opportunity to reconstitute the former alliance with hardline Sinhalese nationalists.

14. (C) However, SLFP moderates then appeared to gain the upper hand. By November 18, the Colombo-based English language press was reporting that the President had rejected the JVP's four demands. In fact, the JVP seemed to want to have its cake and eat it, too. The JVP seemed to be banking on being able to cast a demagogic vote against the government's budget -- but have the budget pass anyway, thereby avoiding the need to fact a new election. The JVP MPs announced that they still had not decided what to do two hours before the vote, saying that their position would depend on their assessment of the situation in Parliament at the time.

15. (C) In a sequel to the defection to the opposition of chairman of the parliamentary Committee on Public Enterprises Wijedasa Rajapaksa, a "powerful minister" (probably Basil Rajapaksa) leaked to the media that the government had ironed out its differences with Wijedasa (reftel). (Note: this was probably intentional disinformation, again to keep SLFP MPs from thinking about defecting.) Later the same day, opposition MPs began calling foreign diplomats to say that Wijedasa was under house arrest. Sri Lankan media turned out in force in front of his residence. It later became clear that the speculation was unleashed by the visit of chief government whip Jeyaraj Fernandopulle with a robust security detail composed of Special Tactics Force (STF) policemen. It is unclear whether the heavy security presence was also

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intended to intimidate Wijedasa; more likely it was intended to impress wavering SLFP MPs.

16. (C) UNP Leader Ranil Wickremesinghe told Ambassador on November 18 that he was confident he had the votes to defeat the budget - if not in today's vote, then in the third and final reading of the budget on December 13. He noted that three quarters of the JVP's Central Committee was deeply unhappy with the GSL and JVP constituents will demand a vote against it. Wickremesinghe believed that he had at least eight more votes from the SLFP ranks, which would cross over to the opposition provided the JVP voted against the budget. However, Moragoda confided to us on November 19 that he had commitments from three UNP MPs to join the government if their votes were needed.

17. (C) President Rajapaksa, arriving late for the wake of former President J.R. Jayawardene's widow on November 17, took a seat next to Wickremesinghe. Ranil confirmed to us media reports that Rajapaksa told him that if the Government lost today's vote, he would offer Wickremesinghe the chance to form a new government, rather than dissolve Parliament and call new elections. Wickremesinghe reported that he declined the offer because he preferred to force a general election, in which his UNP would likely pick up seats. Under Sri Lanka's Constitution, a new Parliament would give him at least a year to govern before the President could dismiss his government and call new elections. The President responded that in that case he would offer the JVP the chance to form a government. Wickremesinghe dismissed that scenario as improbable.

18. (C) In the lead-up to the vote, however, the government resorted to desperate tactics in order to preserve its majority. On November 18, police security for the homes of Tamil National Alliance MPs in Batticaloa and Ampara districts was withdrawn. Cadres of the "Karuna group," now loyal to Karuna's former military chief, Pillayan, moved in, abducting the son-in-law of one Tamil MP and breaking in the front door of another (the family escaped out the back door). Another TNA MP contacted Embassy and several other foreign missions in Colombo to ask for help. Ambassador spoke

directly to Defense Secretary Gothabaya Rajapaksa, who denied that security had been removed or that MPs had been threatened. Security was reinstated at the residences about an hour later, however.

¶9. (C) We spoke to a third TNA MP, who said that Pillayan cadres came to her house after security was withdrawn, telling her relatives that they would kill her and burn her house unless she abstained from voting against the government's budget. She reported getting a phone call from Pillayan on November 19, four hours before the vote, threatening her with death if she attempted to go to Parliament to vote. Pillayan added that she should not forget the message conveyed to her the day before. The TMVP, the Karuna faction's political wing, put out a statement on November 19 that it is in talks with the TNA to "jointly work for the community." The TNA immediately and vehemently denied this.

¶10. (C) Media reported on November 19 that two minority constituents of the government, the Ceylon Workers' Congress and the Up-Country People's Front, which represent Tamils "of Indian origin," had announced they would vote in favor of the budget. The Sri Lanka Muslim Congress announced that it would vote with the government this time, but that continued support at the December 13 third reading would depend on its demands being met. These included granting the full portfolio of the Ministry of posts and Telecommunications to its leader, Rauff Hakeem, restoring STF protective details to the Muslim MPs, and satisfying the demands of Eastern Muslims regarding their land rights, which are under threat from

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Pillayan cadres.

¶11. (C) COMMENT: It is revealing that the government, under pressure, once again reverted to the techniques it has employed against certain political opponents since the beginning of the Rajapaksa government. It is clear that a new relationship with Pillayan is intended to replace the one security forces maintained with Karuna, now under arrest in the UK for immigration violations. This casts doubt on the GSL's intent to disarm the paramilitaries. The government will be exposed to similar tests in coming weeks and months, including the third reading of the budget in December. The fact that the government again felt obliged to employ extreme methods to enforce discipline is indicative of its internal splits and ideological incompatibilities. It is likely that, with the budget fight largely over, the government will again seek to raid the UNP ranks in search of MPs who want to cross over. In our view, this will be a sign of weakness, rather than strength. The cost that the government is prepared to bear to achieve its primary objective, its own preservation, may simply be too high. At some point a new election will be needed to clarify the true popular support of the various parties in the parliament and usher in a government that enjoys a fresh mandate and greater legitimacy.

BLAKE